

Philippines and the BSP – Key Macroeconomic Statistics

February – March 2021



INVESTOR RELATIONS OFFICE
Think Growth. Think Philippines.

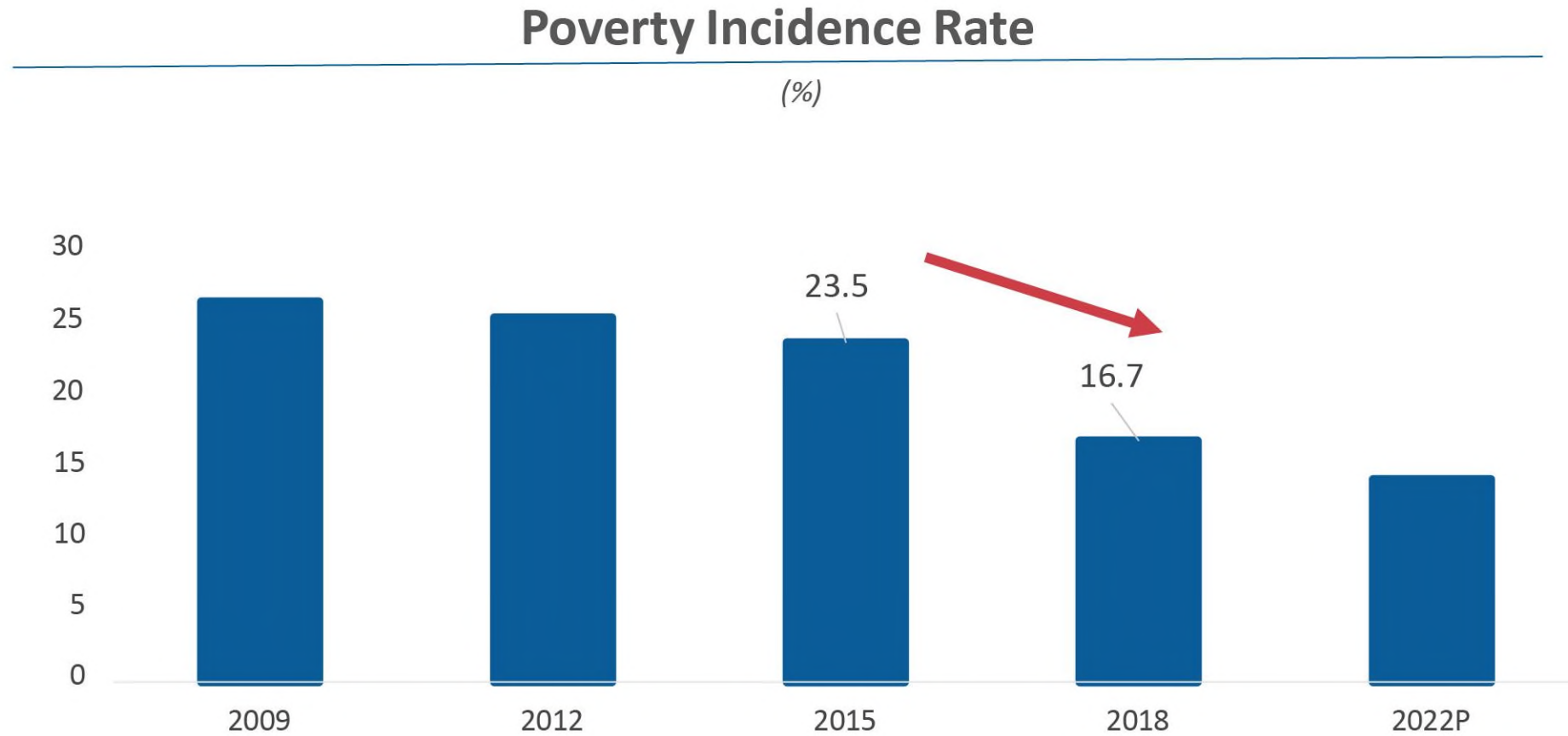
*These materials are distributed by BCW on behalf of the Government of the Republic of the Philippines.
Additional information is on file with the US Department of Justice.*

Sound Fundamentals Lend Strong Support to Pandemic Response and Economic Recovery

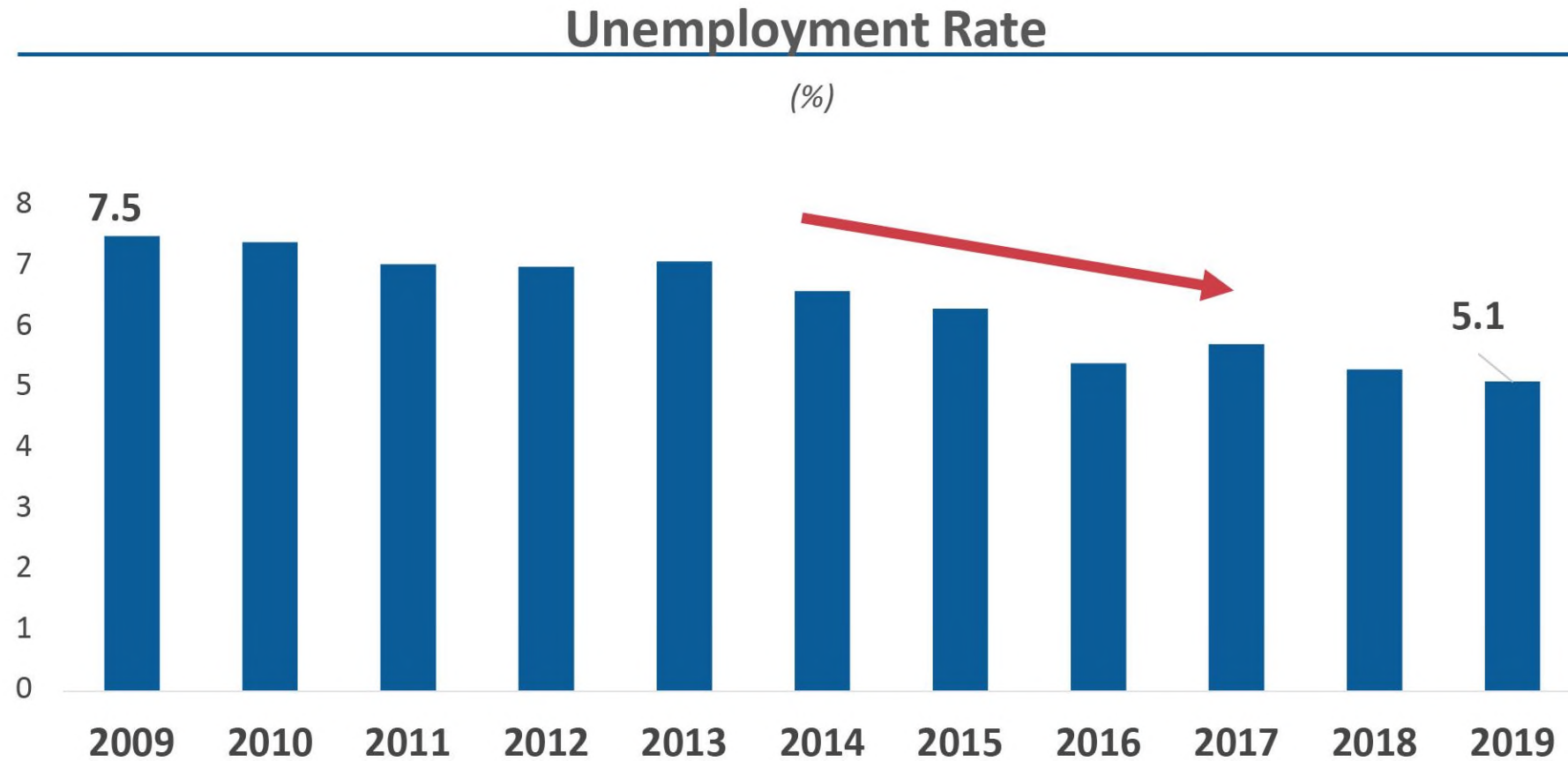
Metric	2016	2017	2018	2019	2020
Credit Rating					
• Moody's	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable	Baa2/stable
• S&P	BBB/stable	BBB/stable	BBB/positive	BBB+/stable	BBB+/stable
• Fitch	BBB-/positive	BBB/stable	BBB/stable	BBB/stable	BBB/stable
Real GDP Growth Rate (%), 2018 prices	7.1	6.9	6.3	6.0	-9.5
GDP Per Capita (current; US\$)	3,108	3,153	3,280	3,512	3,330
GNI Per Capita (current; US\$)	3,453	3,501	3,629	3,861	3,596
Inflation Rate (2012 = 100) (%)	1.3	2.9	5.2	2.5	2.6
Fiscal Balance/GDP (%)	-2.3	-2.1	-3.1	-3.4	-7.6
Tax Revenue/ GDP (%)	13.1	13.6	14.0	14.5	13.9
National Government Interest Payments/ Revenues (%)	13.9	12.6	12.3	11.5	13.3
General Government Debt/GDP (%)	33.2	34.9	34.4	34.1	NA
Gross International Reserves (US\$ bn)	80.7	81.6	79.2	87.8	110.1
Import Cover (months) ^{1/}	8.8	7.8	6.9	7.6	11.8
Overseas Filipinos' Cash Remittances (US\$ bn)	26.9	28.1	28.9	30.1 ^{p/}	29.9
Foreign Direct Investments (US\$ bn)	8.3	10.3	9.9	7.7 ^{r/}	5.7 (Jan-Nov) ^{p/}
Current Account/GDP (%)	-0.4	-0.7	-2.6	-0.9	3.4 (Jan-Sep) ^{p/}
External Debt/GDP (%)	23.5	22.3	22.8	22.2	25.3 (end-Sep) ^{p/}

^{1/} Number of months of average imports of goods and payment of services and primary income that can be financed by reserves. Starting 2005, data are based on IMF's Balance of Payments and International Investment Position Manual, 6th Edition concept.

Sustained Decline in Poverty Rate



Sustained Decline in Unemployment Rate



Source: PSA

Quick and Appropriate Response Measures Against COVID-19

Bayanihan to Heal as One Act (Republic Act No. 11469)

Mandates immediate response to protect people's safety and welfare against COVID-19

Bayanihan to Recover as One Act (Republic Act No. 11494)

Aims to accelerate recovery and bolsters the resiliency of the Philippine economy

Financial Institutions Strategic Transfer (FIST) Act (Republic Act. No. 11523)

Allows financial institutions affected by the pandemic to sell their non-performing assets (NPAs) to asset management companies

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

Aims to reduce corporate income tax (CIT) rate and improve the fiscal incentive system

BSP Policy Measures Provided Crucial Support to the Economy

Injected **PHP2.0 trillion (US\$ 43 billion)** in liquidity to the financial system, equivalent to **11% of the country's GDP**



BSP Policy Measures Provided Crucial Support to the Economy

**Shore up
market
confidence
and ensure
adequate
liquidity
and credit**



- Cut the policy rate by a cumulative 200 basis points since February 2020
- Reduced the reserve requirement ratios by 200 basis points

BSP Policy Measures Provided Crucial Support to the Economy

**Complement
government
programs
through
extraordinary
liquidity
measures**



- PHP300 billion repurchase agreement with the National Government (NG)
- Short-term provisional advance to the NG amounting to PHP540 billion (US\$ 11.2 billion)
- Purchases of government securities in the secondary market
- Advance remittance of dividends to the NG worth PHP20 billion

BSP Policy Measures Provided Crucial Support to the Economy

Regulatory and operational relief measures



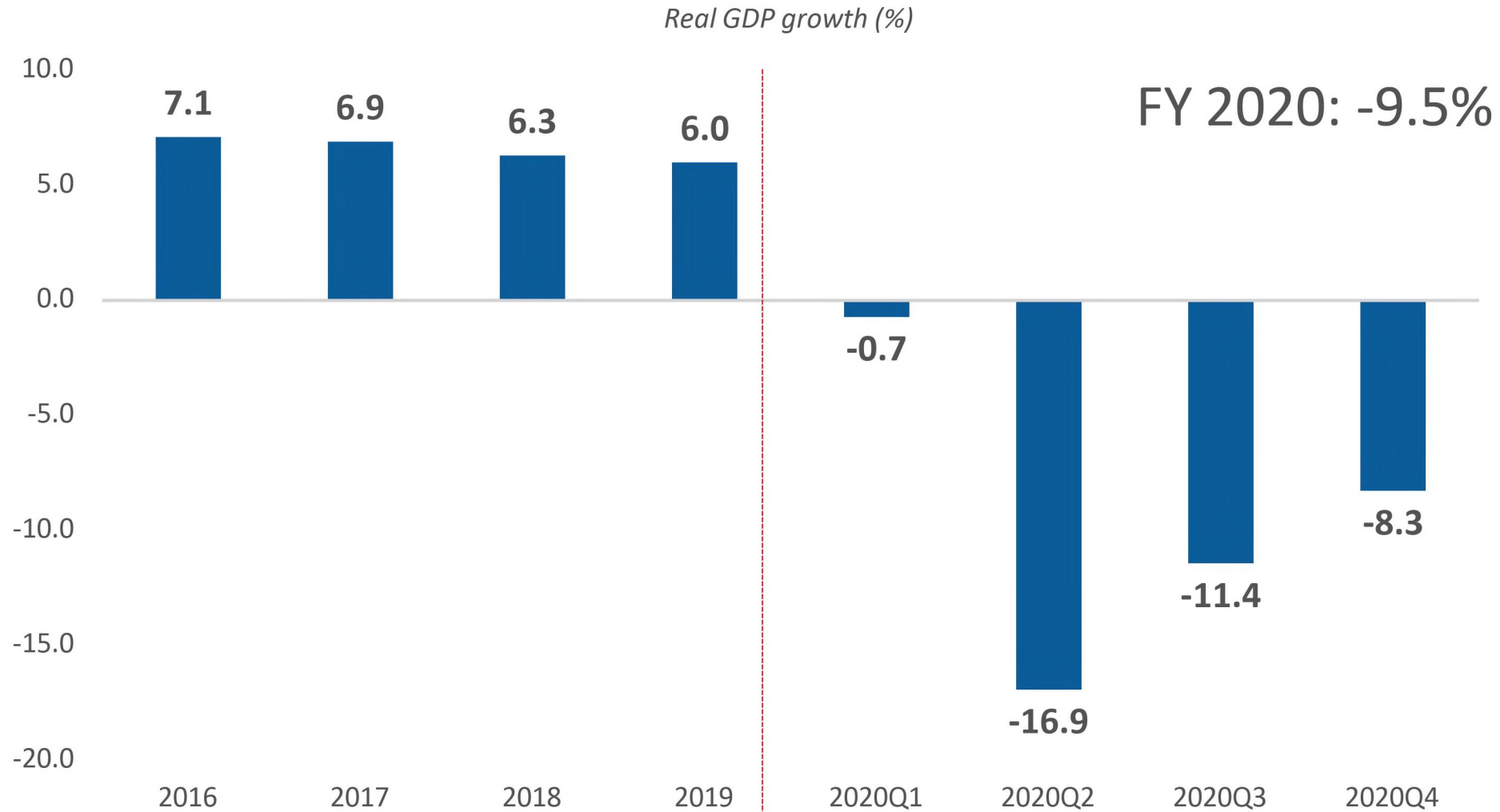
- Counting of loans to micro, small, and medium enterprises as part of banks' compliance to the reserve requirement
- Increase in the single borrower's limit
- Increased limit to real estate loans

Appropriate Timing for Unwinding

The BSP will carefully assess the proper timing for the unwinding of the relief measures

Strong Growth Path Prior to the Pandemic

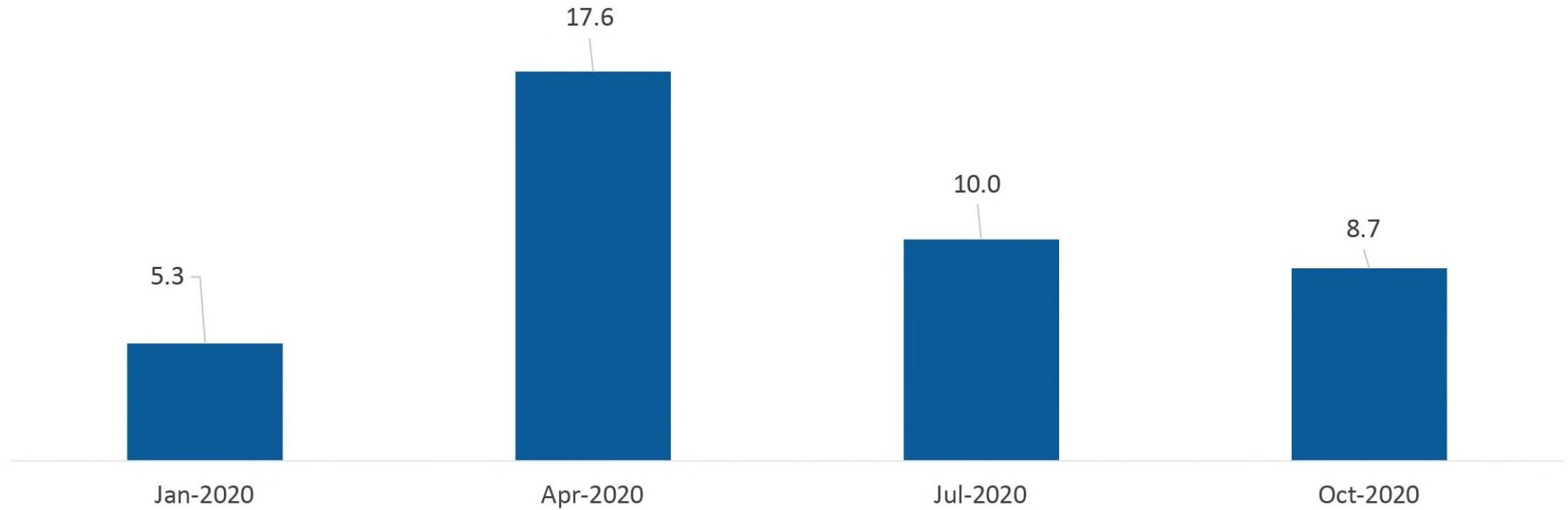
The Philippine growth narrative interrupted by the pandemic



Note: 2016-2019 are YoY GDP growth; 2020 are quarterly GDP growth on a YoY basis
Source: Philippine Statistics Authority

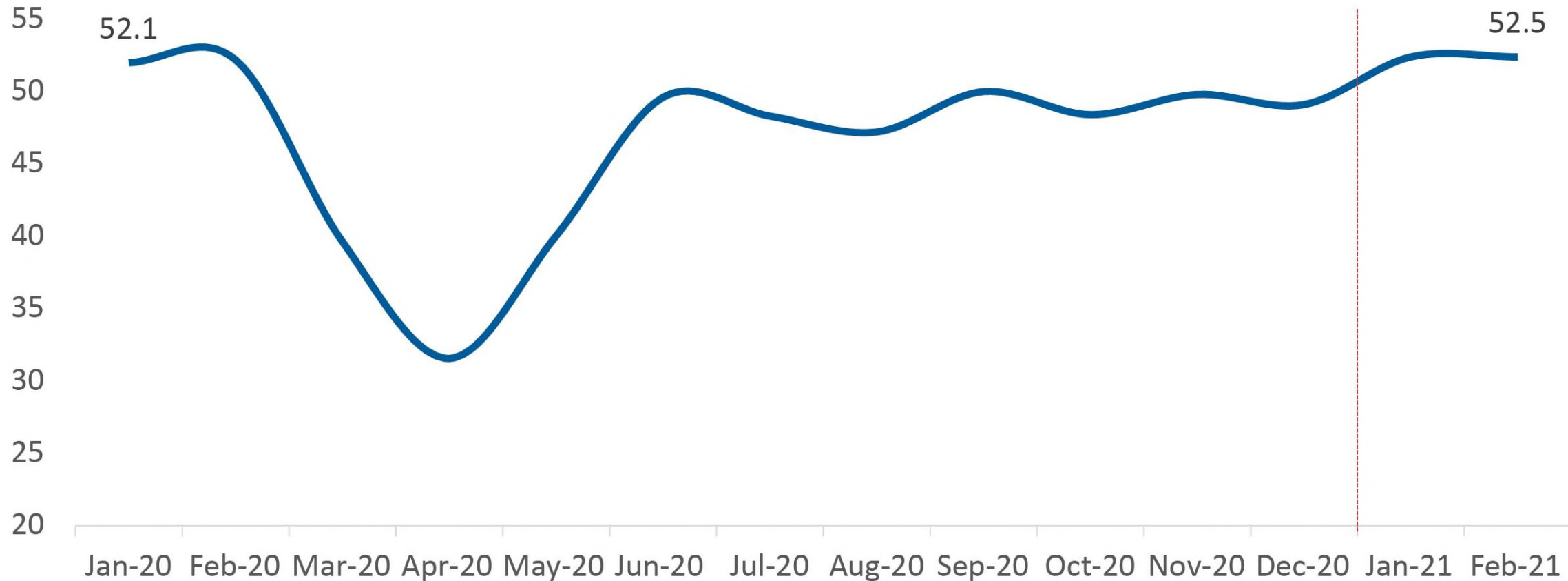
Unemployment Rate

(%)



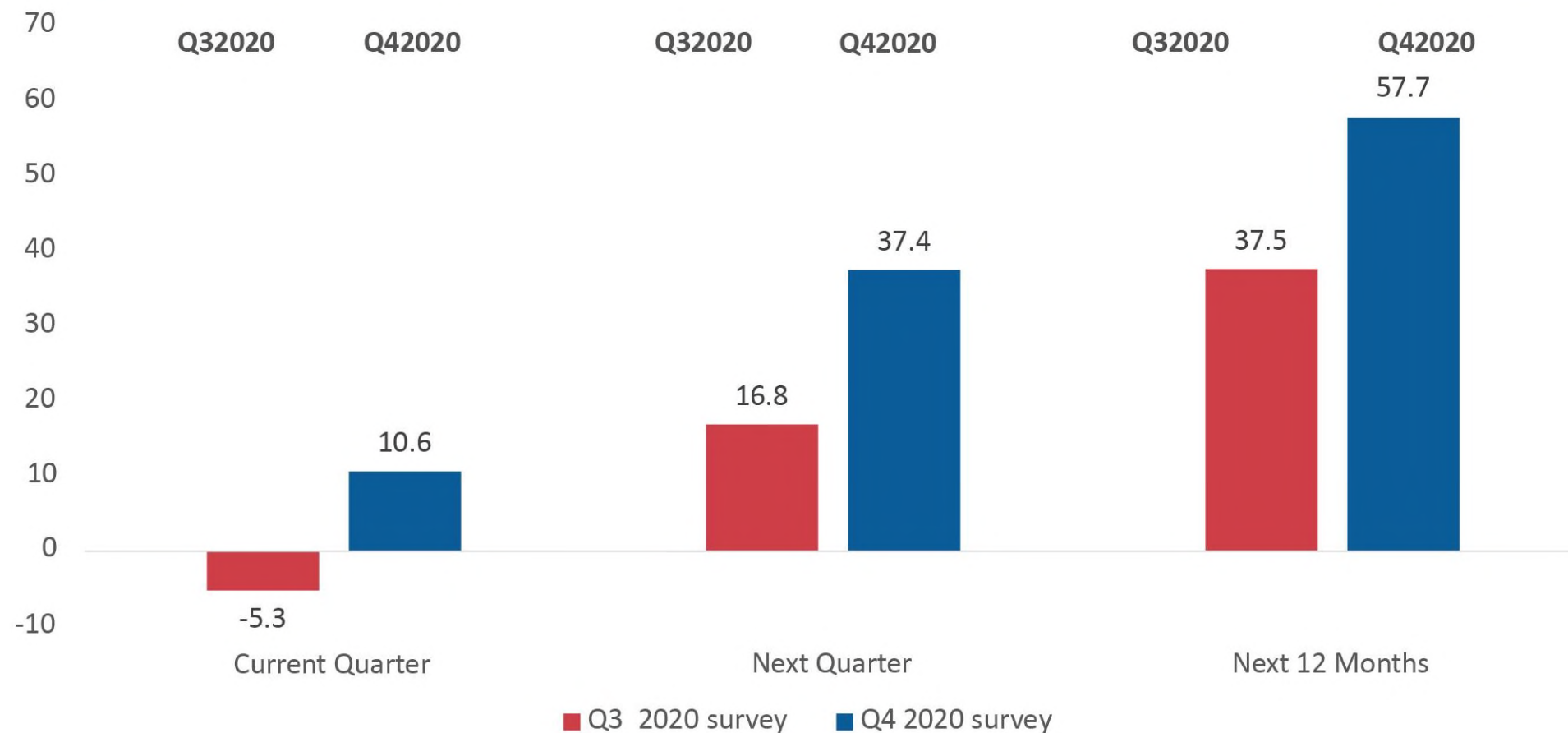
Strong Rebound of Manufacturing Sector

Philippines Purchasing Managers' Index



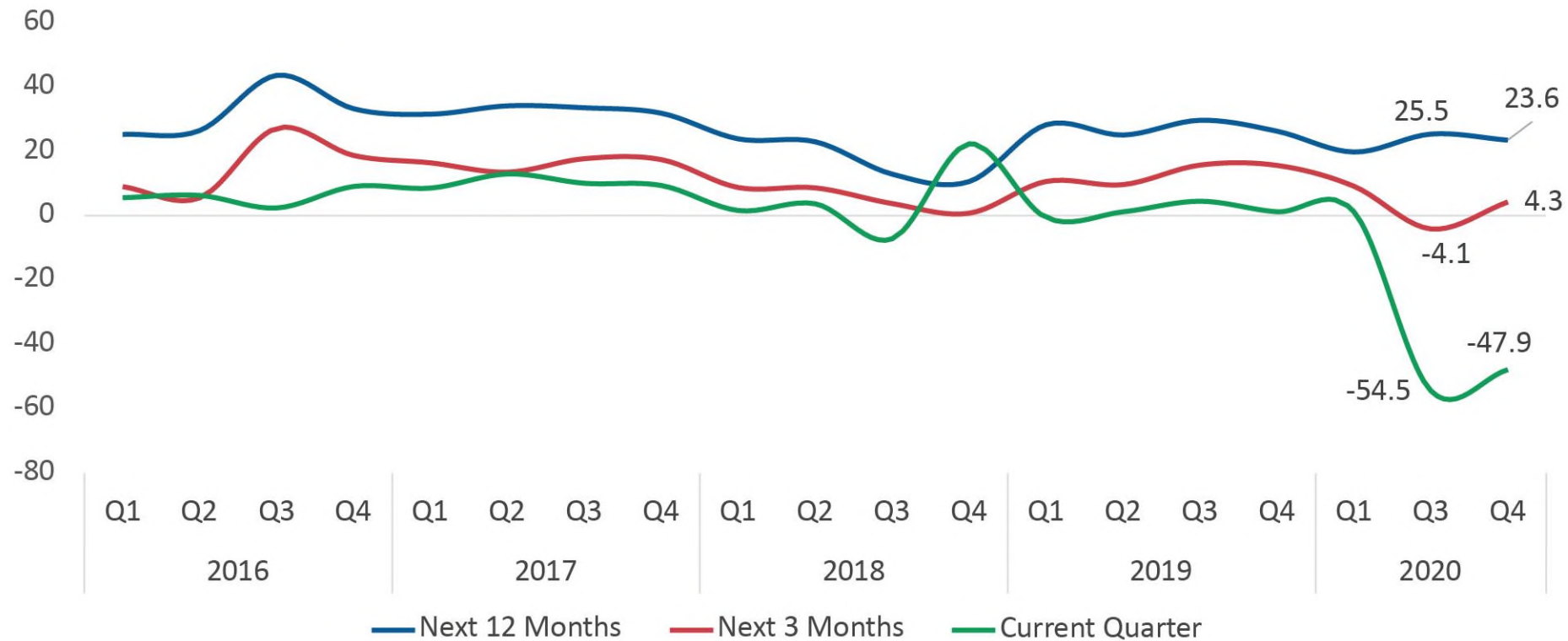
Improving Business Confidence

Business sentiment reverts to positive compared to last quarter; more upbeat in next quarter and next 12 months



Improving Consumer Outlook

Consumer outlook more upbeat for the next 12 months due to expectations of better prospects and anticipation of economic recovery



Notes:

The Business Expectations Survey (BES) is a quarterly survey of firms drawn at random from the list of Top 7,000 Corporations ranked based on total assets in 2016 from the Bureau van Dijk database. Due to the implementation of the nationwide Community Quarantine from 16 March to 31 May 2020, the conduct of the Q2 2020 BES was cancelled.

Increase in Online Businesses



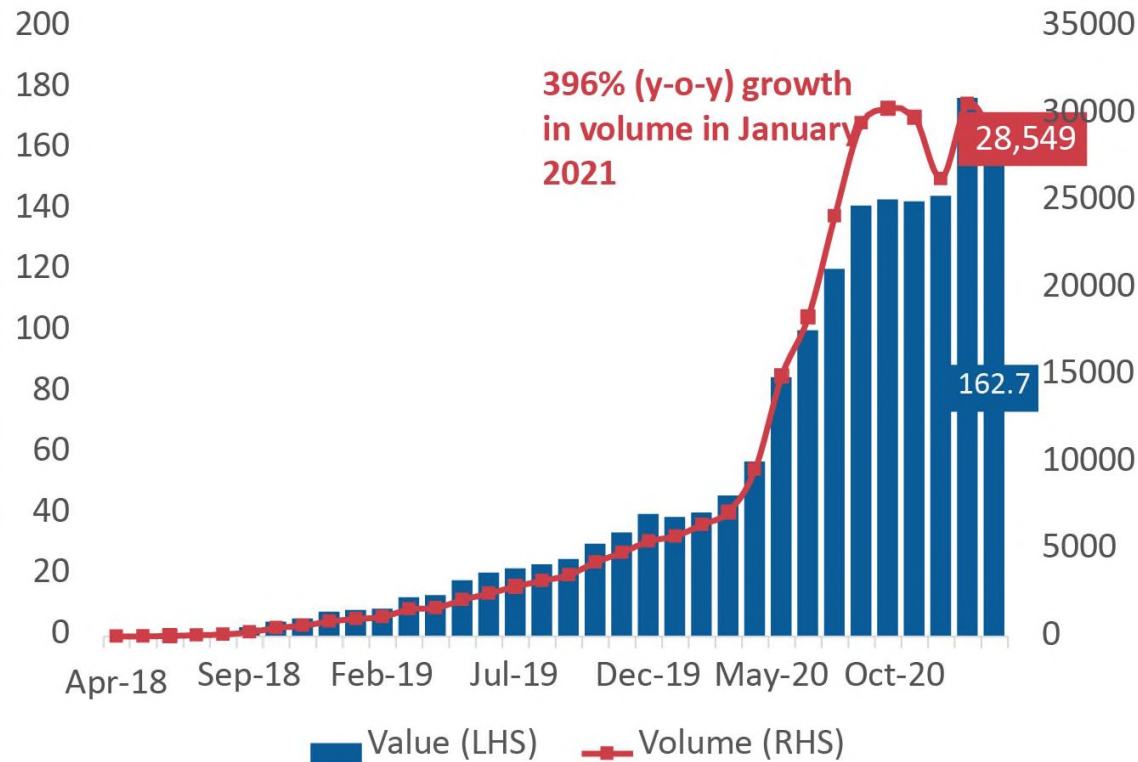
Registered new online businesses leaped **to 86,000** as of December 2020.

From 1,700 as of March 2020...

Shift to Digital Payments

instaPay Transactions (Apr 2018-Jan 2021)

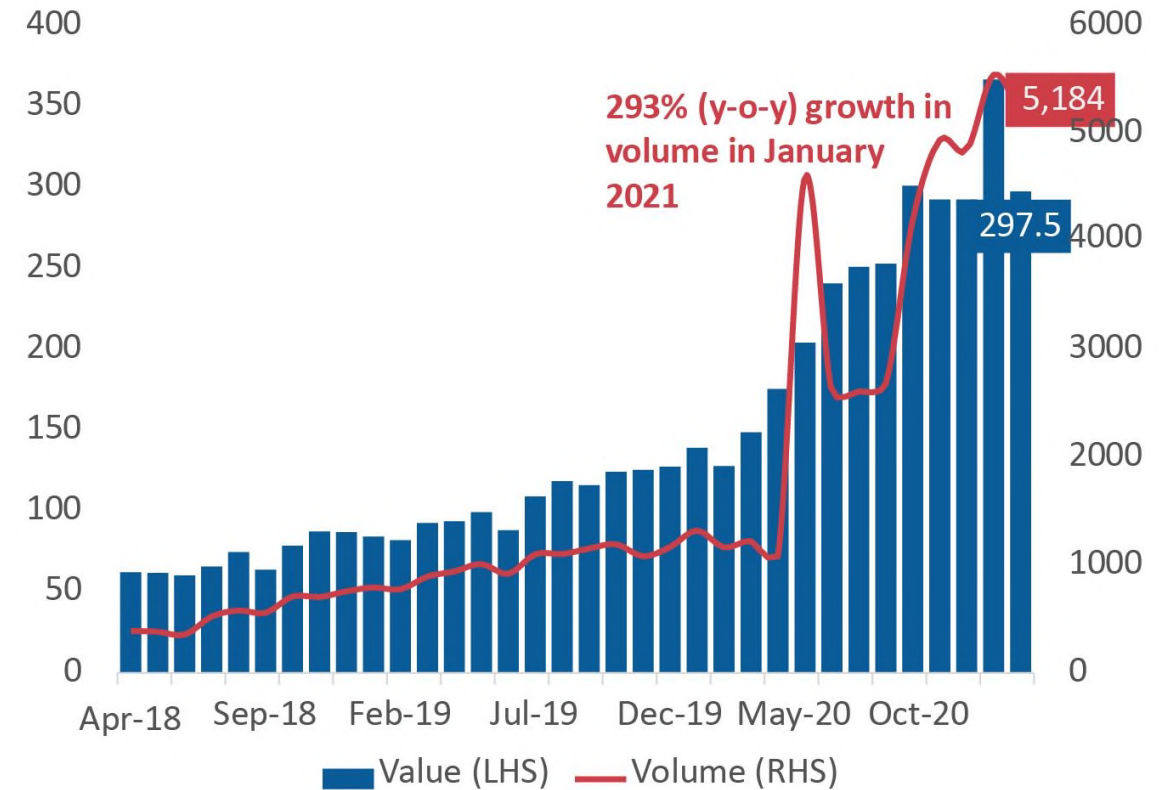
Value in PHP billion, Volume in thousands



Philippine Electronic Fund Transfer & System Operations Network

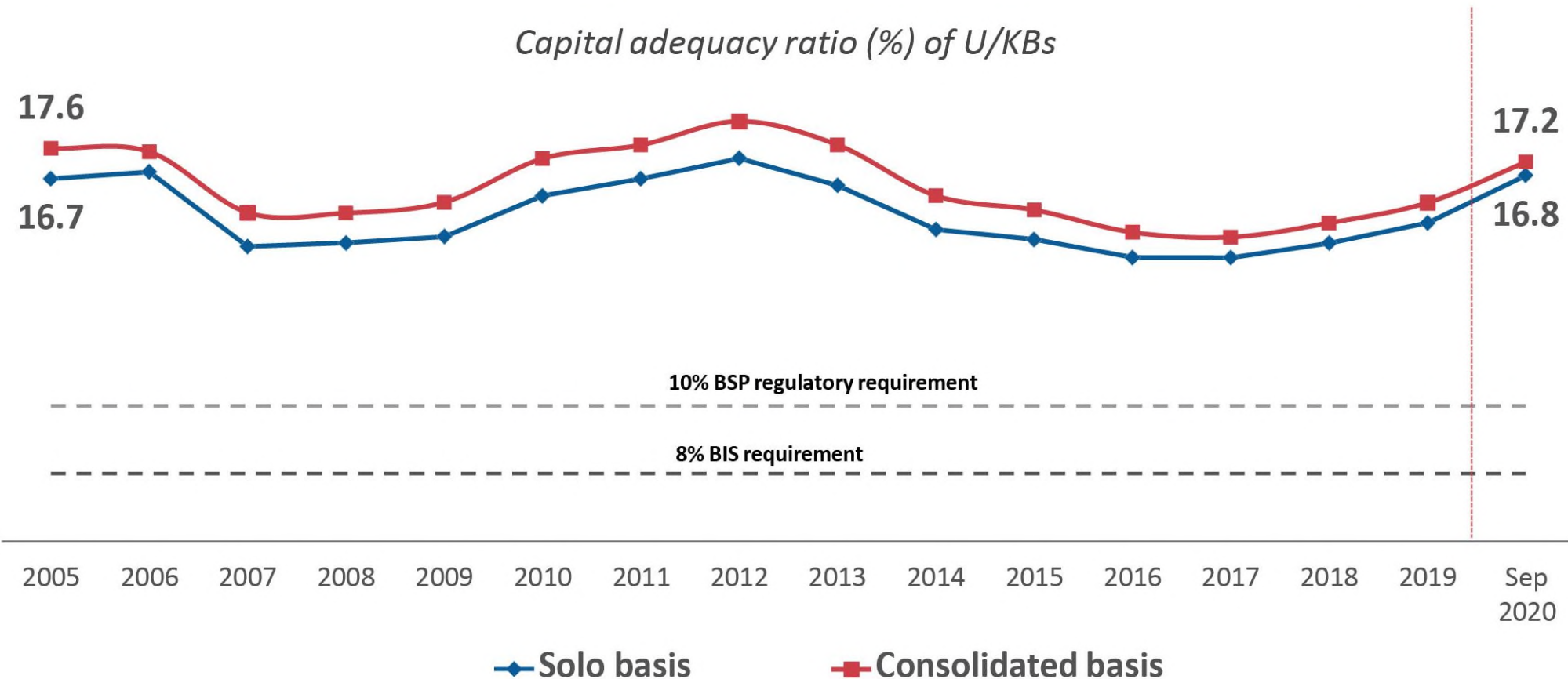
Transactions (Apr 2018-Jan 2021)

Value in PHP billion, Volume in thousands



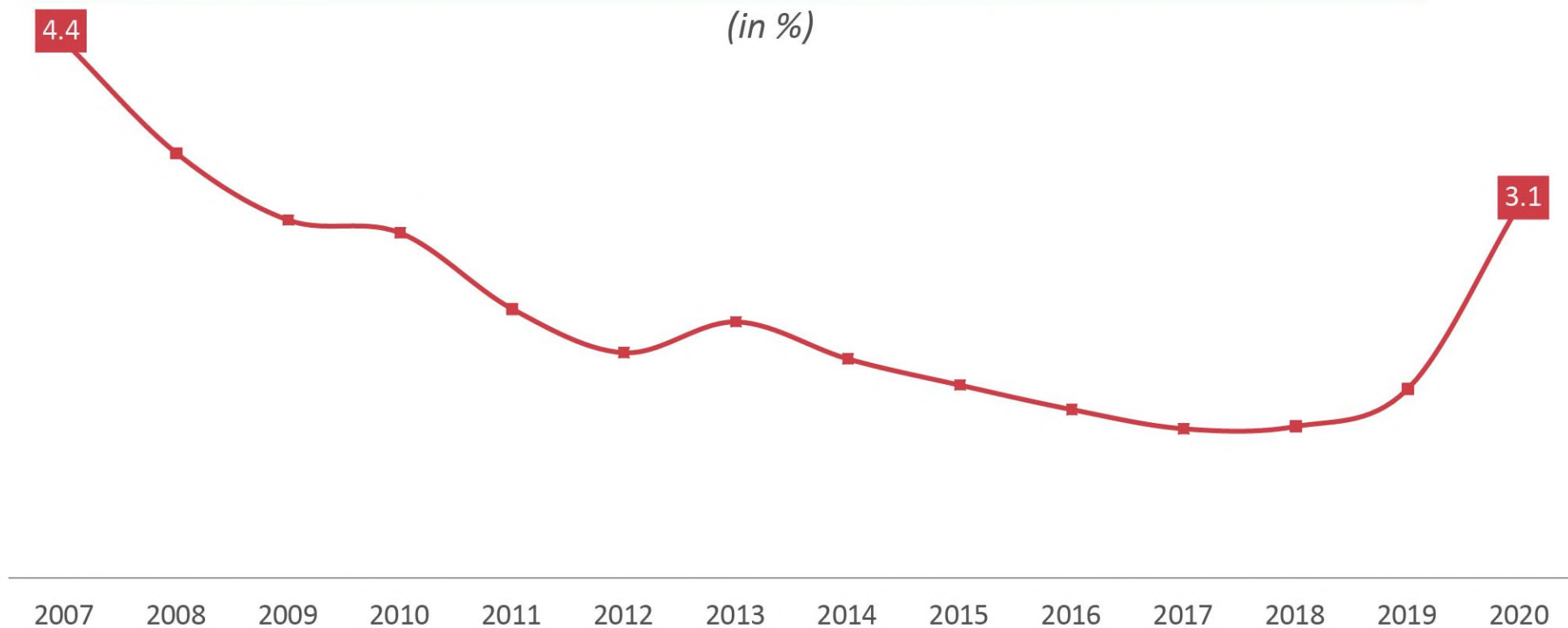
Liquidity and Capitalization Above Regulatory Requirements

Strong capitalization well above international norms



Note: U/KBs – Universal and Commercial Bank

Gross Non-Performing Loans Ratio of Universal and Commercial Banks



Macroeconomic Prospects

Macroeconomic Assumptions				
	2020 Actual	2020	2021	2022
Real GDP Growth (%)	(9.5)	(9.5) – (8.5)	6.5 – 7.5	8.0 – 10.0
Inflation Rate (%)	2.6	2.0-4.0	2.0 – 4.0	2.0 – 4.0
Growth of goods export (%)*	(10.1)	(14.0)	5.0	5.0
Growth of goods import (%)*	(23.3)	(21.5)	8.0	8.0
OF Cash Remittances, Growth Rate (%)*	(0.8)	(2.0)	4.0	n.a.
Net Foreign Direct Investments (US\$ bn)*	5.8 Jan-Nov	6.0	7.5	n.a.
Current Account Balance (% of GDP)*	3.4 Jan-Sep	2.3	1.5	n.a.
Overall Balance of Payments Position (% of GDP)*	2.7 Jan-Sep	3.4	0.8	n.a.
Gross International Reserves (US\$ bn)*	110.1	105.0	106.0	n.a.
Fiscal deficit to GDP (%)	7.6	7.6	8.9	7.3

Source: Development Budget Coordination Committee as of 3 December 2020.

*Projections for 2020 and 2021 were approved by Monetary Board on 10 December 2020.

n.a. not available

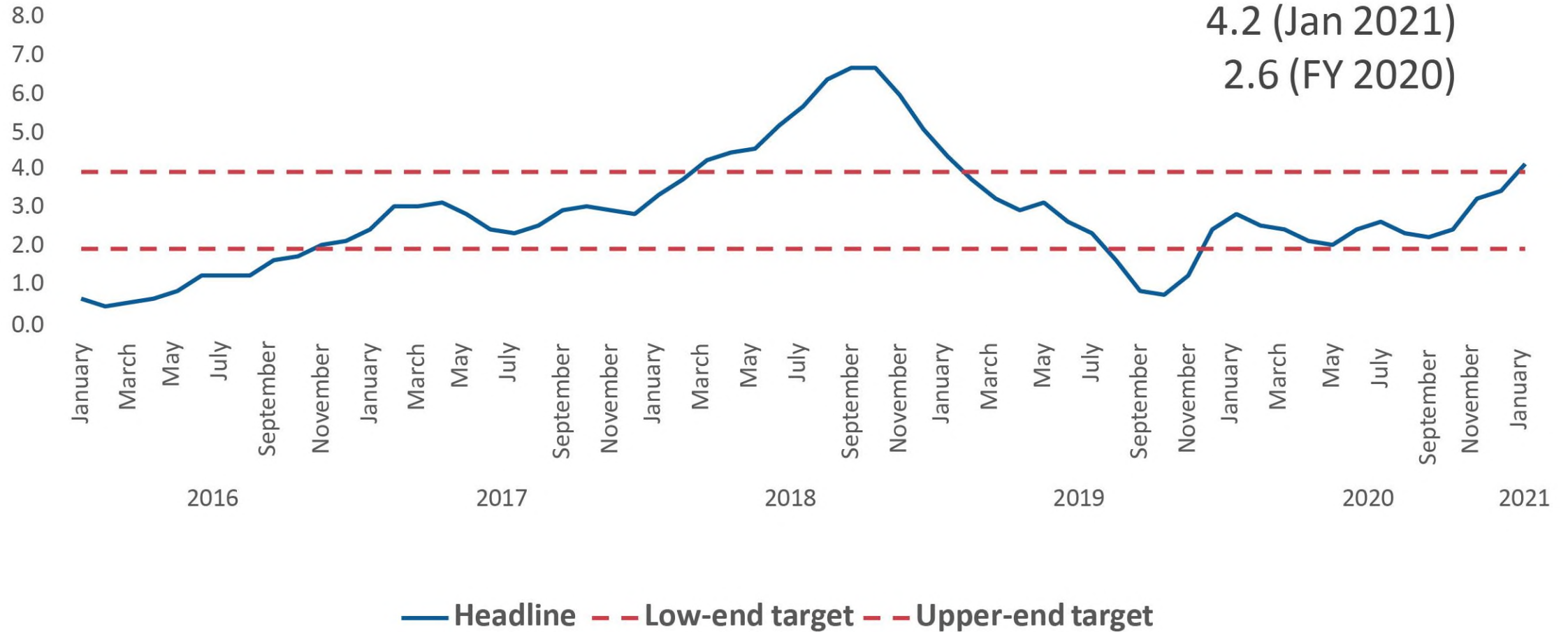
Manageable Inflation Outlook

Headline CPI (yoy, %), 2012=100

Latest:

4.2 (Jan 2021)

2.6 (FY 2020)



New Economy – BSP Legislative Reforms

**Amendments
to Republic Act
Nos. 1405 and 6426,
the laws on secrecy
of bank deposits**

**Amendment to
Republic Act No.
10000 or the “Agri-
Agra law”**

**Government
Financial Institutions
Unified Initiative to
Distressed Enterprises
for Economic
Recovery
(GUIDE)**

**Credit Risk
Database for
MSMEs**

**Financial
Consumer
Protection Bill**

New Economy – Digital Payments Transformation Roadmap

- Merchant payments
- Supplier payments
- Remittances
- Utility payments
- Social benefit transfers
- Savings, Investment and insurance products

Digital Payments Streams



Objectives by 2023

- 50% of financial transactions done digital
- 70% of Filipino adults to have financial accounts

Digital Governance



- Payment System Oversight Framework
- Cybersecurity Policies and Measures
- Open Banking and Application Programming Interface
- Data Governance and Ethical Use of Data Policy
- Adoption of ISO 20022 International Messaging and Communication Standards

Digital Infrastructure



- PhilPaSS Plus
- Philippine Identification System
- Credit Risk Database

New Economy – Reforms to Manage Risks and Accelerate Financial Inclusion

Risk Management

I. Supervisory Assessment Framework (SAFr)

- Adoption of SAFr starting 1 January 2021 will enhance stability of the banking system under the ‘New Economy’

II. Payment System Oversight Framework (PSOF)

- Adoption of PSOF in July 2020 will strengthen governance over payment systems in order to maintain a safe and efficient national payment crucial to the stability of the monetary and financial system.

Financial Technology

III. Open Finance Framework

- Data-sharing scheme, which espouses greater financial transparency options to consumers through wider access and control over their own data
- Issued draft guidelines on Adoption of Open Finance Framework in December 2020

IV. Digital Banking Framework

- Recognition of digital bank in November 2020 as a new bank category to promote market efficiency and expand access of Filipinos to a broad range of financial services

New Philippine Economy

***‘Structural reforms will catapult
the Philippines to new heights in
the post-COVID era’***



Thank You!



INVESTOR RELATIONS OFFICE
Think Growth. Think Philippines.

*These materials are distributed by BCW on behalf of the Government of the Republic of the Philippines.
Additional information is on file with the US Department of Justice.*